

Message Text

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ACTION EB-07

INFO OCT-01 EA-10 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 XMB-04

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FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 9974

UNCLAS RANGOON 2029

E.O. 11652: N/A

TAGS: EFIN EIND EINV EALR BM

SUBJ: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: (A) STATE 165596 (B) RANGOON A-053, MARCH 22, 1974

1. THE SOCIALIST GOVERNMENT OF BURMA CONTINUES TO PROHIBIT PRIVATE FOREIGN INVESTMENT IN THE COUNTRY. LAST YEAR THE GOVERNMENT SIGNED AGREEMENTS ALLOWING FOUR FOREIGN PETROLEUM CONSORTIUMS, INCLUDING TWO U.S. COMPANIES, TO PARTICIPATE IN OFFSHORE OIL EXPLORATION. THIS MOVE PROMPTED CONSIDERABLE SPECULATION THAT BURMA MIGHT LIBERALIZE ITS ATTITUDE TOWARD PRIVATE FOREIGN INVESTMENT IN OTHER SECTORS, PARTICULARLY IN THE ONSHORE MINERALS INDUSTRY. HOWEVER, THE BURMESE GOVERNMENT HAS TAKEN NO FURTHER STEPS THAT WOULD SIGNAL A LIBERALIZATION OF ITS POLICY TOWARD FOREIGN INVESTMENT AND ALL INDICATIONS ARE THAT TOP-LEVEL GOVERNMENT POLICY MAKERS REMAIN OPPOSED TO SUCH A MOVE. HENCE, THERE SEEMS LITTLE PROSPECT FOR PRIVATE FOREIGN PARTICIPATION IN BURMA'S ECONOMY, OTHER THAN OFFSHORE PETROLEUM EXPLORATION, WITHIN THE COMING YEAR.

2. AS FOR PETROLEUM EXPLORATION AGREEMENTS, THESE ARE BASICALLY CONTRACTS WHICH THE FOREIGN COMPANIES HAVE SIGNED WITH THE GOVERN-

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MENT OWNED MYANMA OIL CORPORATION TO DO OFFSHORE EXPLORATION IN

BURMESE WATERS. THE COMPANIES DID NOT OBTAIN OR PAY FOR LEASES BUT RATHER PURCHASED SEISMIC INFORMATION FROM THE GOVERNMENT CONCERNING THE AREAS IN WHICH THEY ARE ALLOWED TO EXPLORE. SHOULD THEY FIND PETROLEUM, THE COMPANIES CAN RECOVER EXPLORATION COSTS AND PARTICIPATE IN PRODUCTION ON A PROFIT SHARING BASIS WITH MYANMA OIL COMPANY. THESE FIRMS OWN NO PROPERTY IN BURMA AND MAINTAIN A MINIMUM STAFF IN THE COUNTRY. THUS, THEIR TOTAL INVESTMENT IN BURMA PER SE IS NEGLIGIBLE.

3. AFTER IT HAS HAD TIME TO STUDY THE ACTIVITIES OF THOSE COMPANIES PRESENTLY OPERATING IN BURMESE WATERS, THE GOVERNMENT MAY CONSIDER SIGNING SIMILAR AGREEMENTS WITH OTHER FOREIGN COMPANIES FOR EXPLORATION OF REMAINING OFFSHORE BLOCKS. HOWEVER, IT IS UNLIKELY THAT ADDITIONAL AGREEMENTS WILL BE NEGOTIATED IN THE IMMEDIATE FUTURE.

4. INVESTMENT STATISTICS:

U.S. DIRECT INVESTMENT AT END OF 1974

TOTAL, ALL INDUSTRIES - NEGLIGIBLE

MINING AND SMELTING - NIL

PETROLEUM - NEGLIGIBLE

MANUFACTURING - NIL

OTHER INDUSTRY - NIL

DIRECT INVESTMENT BY ALL COUNTRIES AT END OF 1974

TOTAL, INCLUDING U.S. - NEGLIGIBLE

OTHER COUNTRIES - JAPAN, FRANCE, GERMANY

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